

Western Dental Services, Inc.
CONSOLIDATING BALANCE SHEETS
As Of March 31, 2002

	Consolidation	Eliminations	Total	Western Dental of Arizona	WDS Dental Management	Western Dental Services, Inc.
CURRENT ASSETS:						
1. Cash and Cash Equivalents	9,359,316	0	9,359,316	182,019	94,126	9,083,171
2. Short-Term Investments	0	0.00	0	0	0	0
3. Premiums Receivable - Net	914,821	0.00	914,821	0	0	914,821
4. Interest Receivable	0	0.00	0	0	0	0
5. Shared Risk Receivables - Net	0	0.00	0	0	0	0
6. Other Health Care Receivables - Net	35,948,633	0.00	35,948,633	1,623,411	0	34,325,222
7. Prepaid Expenses	1,740,091	(7,882,003)	10,416,730	27,781	1,801,299	8,587,650
8. Secured Affiliate Receivables - Current	0	0.00	0	0	0	0
9. Unsecured Affiliate Receivables - Current	798,188	0.00	3,552	0	0	3,552
10. Aggregate Write-Ins for Current Assets		0.00	0	0	0	0
11. TOTAL CURRENT ASSETS (Items 1 to 10)	48,761,049	(7,882,003)	56,643,052	1,833,211	1,895,425	52,914,416
OTHER ASSETS:						
12. Restricted Assets	50,000	0	50,000	0	0	50,000
13. Long-Term Investments	500,891	(18,000)	518,891	0	0	518,891
14. Intangible Assets and Goodwill - Net	19,634	0	19,634	0	19,634	0
15. Secured Affiliate Receivables - Long-Term	0	0	0	0	0	0
16. Unsecured Affiliate Receivables - Past Due	0	0	0	0	0	0
17. Aggregate Write-Ins for Other Assets	666,715	0	666,715	0	16,697	650,018
18. TOTAL OTHER ASSETS (Items 12 to 17)	1,237,240	(18,000)	1,255,240	-	36,331	1,218,909
PROPERTY AND EQUIPMENT						
19. Land, Building and Improvements	0	0	0	0		
20. Furniture and Equipment - Net	5,779,261	0	5,779,261	0	189,678	5,589,583
21. Computer Equipment - Net	622,665	0	622,665	0	0	622,665
22. Leasehold Improvements -Net	4,111,660	0	4,111,660	0	337,504	3,774,156
23. Construction in Progress	383,978	0	383,978	0	0	383,978
24. Software Development Costs	1,182,414	0	1,182,414	0	0	1,182,414
25. Aggregate Write-Ins for Other Equipment	0	0	0	0	0	0
26. TOTAL PROPERTY AND EQUIPMENT (Items 19 to 25)	12,079,978	-	12,079,978	-	527,182	11,552,796
27. TOTAL ASSETS	62,078,267	(7,900,003)	69,978,270	1,833,211	2,458,938	65,686,121
DETAILS OF WRITE-INS AGGREGATED AT ITEM 10 FOR CURRENT ASSETS						
1001.						
1002.						
1003.						
1004.						
1098. Summary of remaining write-ins for Item 10 from overflow page						
1099. TOTALS (Items 1001 thru 1004 plus 1098)	-	-	-	-	-	-
DETAILS OF WRITE-INS AGGREGATED AT ITEM 17 FOR OTHER ASSETS						
1701. Prepaid Deposits-Longterm	650,465		650,465	16,697		633,768
1702. Loan Fees-Net	16,250		16,250			16,250
1703.						
1704.						
1798. Summary of remaining write-ins for Item 17 from overflow page						
1799. TOTALS (Items 1701 thru 1704 plus 1798)	666,715	0	666,715	16,697	0	650,018
DETAILS OF WRITE-INS AGGREGATED AT ITEM 25 FOR OTHER EQUIPMENT						
2501.						
2502.						
2503.						
2504.						
2598. Summary of remaining write-ins for Item 25 from overflow page						
2599. TOTALS (Items 2501 thru 2504 plus 2598)	0	0	0	0	0	0

Western Dental Services, Inc.
CONSOLIDATING BALANCE SHEETS
As Of March 31, 2002

	Consolidation	Eliminations	Total	Western Dental of Arizona	WDS Dental Management	Western Dental Services, Inc.
CURRENT LIABILITIES:						
1. Trade Accounts Payable	8,704,112	(206,530)	8,910,642	319,195	86,519	8,504,928
2. Capitation Payable	107,883	0	107,883	0	0	107,883
3. Claims Payable (Reported)	0	0	0	0	0	0
4. Incurred But Not Reported Claims	377,038	0	377,038	0	0	377,038
5. POS Claims Payable (Reported)	0	0	0	0	0	0
6. POS Incurred But Not Reported Claims	0	0	0	0	0	0
7. Other Medical Liability	0	0	0	0	0	0
8. Unearned Premiums	3,153,328	0	3,153,328	0	0	3,153,328
9. Loans and Notes Payable	516,037	0	516,037	0	0	516,037
10. Amounts Due To Affiliates - Current	0	0	0	0	0	0
11. Aggregate Write-Ins for Current Liabilities	18,040,089	(7,882,004)	25,922,093	2,192,106	6,037,108	17,692,879
12. TOTAL CURRENT LIABILITIES (Items 1 to 11)	30,898,487	(8,088,534)	38,987,021	2,511,301	6,123,627	30,352,093
OTHER LIABILITIES:						
13. Loans and Notes Payable (Not Subordinated)	845,812	0	845,812	0	0	845,812
14. Loans and Notes Payable (Subordinated)	0	0	0	0	0	0
15. Accrued Subordinated Interest Payable	0	0	0	0	0	0
16. Amounts Due To Affiliates - Long Term	0	0	0	0	0	0
17. Aggregate Write-Ins for Other Liabilities	0	0	0	0	0	0
18. TOTAL OTHER LIABILITIES (Items 13 to 17)	845,812	0	845,812	0	0	845,812
19. TOTAL LIABILITIES	31,744,299	(8,088,534)	39,832,833	2,511,301	6,123,627	31,197,905
NET WORTH						
20. Common Stock	68,216	0	68,216	0	0	68,216
21. Preferred Stock	0	0	0	0	0	0
22. Paid In Surplus	3,858,952	0	3,858,952	0	0	3,858,952
23. Contributed Capital	0	0	0	0	0	0
24. Retained Earnings (Deficit)/Fund Balance	26,406,800	188,530	26,218,270	(678,088)	(3,664,689)	30,561,047
25. Aggregate Write-Ins for Other Net Worth Items	0	0	0	0	0	0
26. TOTAL NET WORTH (Items 20 to 25)	30,333,968	188,530	30,145,438	(678,088)	(3,664,689)	34,488,215
27. TOTAL LIABILITIES AND NET WORTH	62,078,267	(7,900,004)	69,978,271	1,833,213	2,458,938	65,686,120
DETAILS OF WRITE-INS AGGREGATED AT ITEM 11 FOR CURRENT LIABILITIES						
1101. Deferred Revenue	5,671,288	0	5,671,288	108,687	0	5,562,601
1102. Accrued Salaries and Wages	10,007,667	0	10,007,667	128,473	0	9,879,194
1103. Reserve for LT Malpractice	1,562,967	0	1,562,967	0	0	1,562,967
1104. Other Accrued Liabilities	798,167	0	798,167	0	0	798,167
1198. Summary of remaining write-ins for Item 11 from overflow page	0	0	0	0	0	0
1199. TOTALS (Items 1101 thru 1104 plus 1198)	18,040,089	0	18,040,089	237,160	0	17,802,929
DETAILS OF WRITE-INS AGGREGATED AT ITEM 17 FOR OTHER LIABILITIES						
1701.	0		0			
1702.	0		0			
1703.	0		0			
1704.	0		0			
1798. Summary of remaining write-ins for Item 17 from overflow page	0		0			
1799. TOTALS (Items 1701 thru 1704 plus 1798)	0	0	0	0	0	0
DETAILS OF WRITE-INS AGGREGATED AT ITEM 25 FOR OTHER NET WORTH ITEMS						
2501.	0		0			
2502.	0		0			
2503.	0		0			
2504.	0		0			
2598. Summary of remaining write-ins for Item 25 from overflow page	0		0			
2599. TOTALS (Items 2501 thru 2504 plus 2598)	0	0	0	0	0	0

Western Dental Services, Inc.
CONSOLIDATING STATEMENTS OF OPERATIONS AND RETAINED EARNINGS
For The Quarter Ended March 31, 2002

	Consolidation	Eliminations	Total	Western Dental of Arizona	WDS Dental Management	Western Dental Services, Inc.
REVENUES:						
1. Premiums (Commercial)	5,529,592	0	5,529,592	0	0	5,529,592
2. Capitation	0	0	0	0	0	0
3. Co-payments, COB, Subrogation	29,255,903	(1,175,914)	30,431,817	1,709,715	0	28,722,102
4. Title XVIII - Medicare	0	0	0	0	0	0
5. Title XIX - Medicaid	15,166,232	0	15,166,232	0	0	15,166,232
6. Fee-For-Service	371,677	0	371,677	11,189	0	360,488
7. Point-Of-Service (POS)	0	0	0	0	0	0
8. Interest	13,819	(135,096)	148,915	77	9,842	138,996
9. Risk Pool Revenue	0	0	0	0	0	0
10. Aggregate Write-Ins for Other Revenues	5,676	(243,906)	249,582	300	173,763	75,519
11. TOTAL REVENUE (Items 1 to 10)	50,342,899	(1,554,916)	51,897,815	1,721,281	183,605	49,992,929
EXPENSES:						
Medical and Hospital						
12. Inpatient Services - Capitated	0	0	0	0	0	0
13. Inpatient Services - Per Diem	0	0	0	0	0	0
14. Inpatient Services - Fee-For-Service/Case Rate	0	0	0	0	0	0
15. Primary Professional Services - Capitated	12,576,567	0	12,576,567	539,007	0	12,037,560
16. Primary Professional Services - Non-Capitated	0	0	0	0	0	0
17. Other Medical Professional Services - Capitated	13,531,379	(1,452,587)	14,983,966	396,893	0	14,587,073
18. Other Medical Professional Services - Non-Capitated	538,168	0	538,168	1,138	0	537,030
19. Non-Contracted Emergency Room and Out-of-Area Expense, not including POS	0	0	0	0	0	0
20. POS Out-Of-Network Expense	0	0	0	0	0	0
21. Pharmacy Expense - Capitated	0	0	0	0	0	0
22. Pharmacy Expense - Fee-for-Service	0	0	0	0	0	0
23. Aggregate Write-Ins for Other Medical and Hospital Expenses	13,536,539	(113,763)	13,650,302	444,983	102,322	13,102,997
24. TOTAL MEDICAL AND HOSPITAL (Items 12 to 23)	40,182,653	(1,566,350)	41,749,003	1,382,021	102,322	40,264,660
Administration						
25. Compensation	680,628	0	680,628	0	0	680,628
26. Interest Expense	15,390	(135,096)	150,486	9,842	125,254	15,390
27. Occupancy, Depreciation and Amortization	717,120	0	717,120	0	0	717,120
28. Management Fees	0	0	0	0	0	0
29. Marketing	2,216,417	0	2,216,417	88,934	0	2,127,483
30. Affiliate Administration Services	0	0	0	0	0	0
31. Aggregate Write-Ins for Other Administration	342,099	(60,000)	402,099	60,265	633	341,201
32. TOTAL ADMINISTRATION (Items 25 to 31)	3,971,654	(195,096)	4,166,750	159,041	125,887	3,881,822
33. TOTAL EXPENSES	44,154,307	(1,761,446)	45,915,753	1,541,062	228,209	44,146,482
34. INCOME (LOSS)	6,188,592	206,530	5,982,062	180,219	(44,604)	5,846,447
35. Extraordinary Item	0	0	0	0	0	0
36. Provision for Taxes	(92,718)	0	(92,718)	0	0	(92,718)
37. NET INCOME (LOSS)	6,095,874	206,530	5,889,344	180,219	(44,604)	5,753,729
NET WORTH:						
38. Net Worth Beginning of Period	33,181,154	(18,000)	33,199,154	(847,118)	(3,620,085)	37,666,357
39. Audit Adjustments	0	0	0	0	0	0
40. Increase (Decrease) in Common Stock	0	0	0	0	0	0
41. Increase (Decrease) in Preferred Stock	0	0	0	0	0	0
42. Increase (Decrease) in Paid in Surplus	0	0	0	0	0	0
43. Increase (Decrease) in Contributed Capital	0	0	0	0	0	0
44. Increase (Decrease) in Retained Earnings:	0	0	0	0	0	0
45. Net Income (Loss)	6,095,874	206,530	5,889,344	180,219	(44,604)	5,753,729
46. Dividends to Stockholders	(8,943,060)	0	(8,943,060)	0	0	(8,943,060)
47. Aggregate Write-Ins for Changes in Retained Earnings	0	0	0	0	0	0
48. Aggregate Write-Ins for Changes in Other Net Worth Items	0	0	0	0	0	0
49. NET WORTH END OF PERIOD (Items 38 to 48)	30,333,968	188,530	30,145,438	(666,899)	(3,664,689)	34,477,026